## **Function 270: Energy**

Function 270 comprises energy-related programs including research and development (R&D), environmental clean-up, and rural utility loans. Most of the programs are within the Department of Energy (DOE), although the rural utility program is part of the Department of Agriculture.

## **Appropriated Programs**

For 2003, the House Republican budget provides \$3.3 billion for appropriated programs for Function 270, the same amount as the President's budget. This amount is \$111 million below the level CBO estimates is needed to maintain purchasing power at the 2002 level. Over the five-year period (2003-2007), the House Republican budget also matches the President's budget for appropriated programs by providing \$17.4 billion, \$140 million below CBO's estimate of the level needed to maintain purchasing power for energy programs at the 2002 level.

The Administration budget makes several harmful cuts to energy programs, including:

- **Energy Conservation** The President's budget includes \$905 million for energy conservation programs, which is \$27 million (2.9 percent) below the amount needed, according to CBO, to maintain funding at the 2002 level. The budget provides for a \$47 million (20.5 percent) increase for weatherization grants, and a \$5 million (19.7 percent) increase for the Federal Energy Management Program. These increases stand in contrast to cuts of 8-14 percent in other energy conservation programs such as the transportation sector, energy conservation research and development, and state energy program grants.
- Fossil Energy Research and Development The budget provides \$594 million for fossil energy R&D, a decrease of \$39 million (6.2 percent) from level needed, according to CBO, to maintain purchasing power at the 2002 level. The Natural Gas Technologies program, which seeks to ensure long-term availability of natural gas at reasonable prices and to investigate hydrates as a potential source for natural gas supply, is cut by \$23 million (50.0 percent) from the 2002 level. The budget provides \$150 million for the President's Coal Initiative, the same amount provided for 2002. The budget also includes \$175 million for Coal Research and Technology, \$12 million (6.8 percent) less than was provided last year.
- **Renewable Energy** Renewable energy programs such as geothermal, biomass, and solar research are cut from the 2002 level by \$1 million (2.9 percent), \$2 million (2.3 percent), and \$2 million (2.0 percent) respectively.

<sup>&</sup>lt;sup>11</sup>The President's budget also displays \$53 million in this function to account for the full cost of accruing all pensions, retired pay, and retiree health benefits for employees. This amount reflects only an accounting change and does not represent a programmatic increase. See *Appropriated Programs* and *Creative Accounting* for further discussion.

## **Mandatory Programs**

Like the President's budget, the House Republican budget increases the borrowing authority for the Bonneville Power Marketing Administration by \$700 million. Over five years, OMB estimates that this proposal will cost an additional \$700 million, while CBO estimates it will cost \$770 million.

The House Republican budget rejects the President's proposal to require Southeastern, Southwestern, and Western Power Marketing Administrations to directly finance the Army Corps of Engineers' power-related operation and maintenance expenses. OMB estimated that this proposal would save \$748 million over the five-year period (2003-2007), savings the House Republican budget did not include.